REMARKS

Reconsideration of this application is respectfully requested in view of the following remarks.

By the foregoing amendment, claims 7 and 11 have been amended. No new matter has been added. Thus, claims 1-14 are currently pending in the application and subject to examination.

In the Office Action mailed October 10, 2006, the Examiner rejected claims 1, 2, and 4-14 under 35 U.S.C. § 102(e) as being anticipated by U.S. Patent No. 6,965,377 to Yanagisawa et al. ("Yanagisawa"). Under 35 U.S.C. § 103(a), the Examiner rejected claim 3 as being unpatentable over Yanagisawa in view of U.S. Patent No. 7,106,307 to Cok et al. ("Cok"). It is noted that claims 7 and 11 have been amended. To the extent that the rejections remain applicable to the claims currently pending, the Applicants hereby traverse the rejections, as follows.

Applicants' invention as set forth in claim 1 is directed to a position encoded device including a display panel and a reflective plate having encoded information thereon, wherein the reflective plate is disposed within the display panel.

By using a reflective plate with encoded information, the reflective plate can be made during the TFT process, thereby allowing reduced cost and more efficient production of a display having a position sensing function.

Yanagisawa teaches a display with a coordinate layer having a dot array for providing coded coordinate information. However, Yanagisawa does not teach at least a reflective plate having encoded information thereon. The Office Action asserts that element 13, the coordinate layer, is a reflective plate. However, Yanagisawa teaches

that the coordinate layer is a transparent film pasted to a transparent glass plate 14. (See Yanagisawa column 9, lines 23-26). The dot array in Yanagisawa is taught as being a color, preferably a bright one when the background is a black matrix. (See Yanagisawa column 14, line 67-column 15, line 4). Yanagisawa does not disclose or suggest either of these elements being reflective.

Therefore, the Applicants submit that Yanagisawa does not disclose or suggest a position encoded sensing device including at least a reflective plate having encoded information thereon, as recited in claim 1.

To qualify as prior art under 35 U.S.C. § 102, a prior art reference must disclose each and every feature recited by a rejected claim. As noted above, Yanagisawa does not disclose, teach, or suggest each and every feature recited by claim 1.

Cok fails to cure the deficiency in Yanagisawa.

Accordingly, Applicants respectfully submit that claim 1 is not anticipated by or rendered obvious in view of Yanagisawa.

Therefore, Applicants respectfully submit that claim 1 should be deemed allowable over the cited art. For similar reasons, the Applicants submit that claims 7 and 11 are likewise allowable over the cited art. As claims 1, 7, and 11 are allowable, the Applicants submit that claims 2-6, 8-10, and 12-14, which depend from allowable claims 1, 7, and 11, are therefore also allowable for at least the above noted reason and for the additional subject matter recited therein.

With regard to each of the rejections under §103 in the Office Action, it is also respectfully submitted that the Examiner has not yet set forth a *prima facie* case of obviousness. The PTO has the burden under §103 to establish a *prima facie* case of

obviousness. In re Fine, 5 U.S.P.Q.2nd 1596, 1598 (Fed. Cir. 1988). Both the case law of the Federal Circuit and the PTO itself have made clear that where a modification must be made to the prior art to reject or invalidate a claim under §103, there must be a showing of proper motivation to do so. The mere fact that a prior art reference could arguably be modified to meet the claim is insufficient to establish obviousness. The PTO can satisfy this burden only by showing some objective teaching in the prior art or that knowledge generally available to one of ordinary skill in the art would lead that individual to combine the relevant teachings of the references. Id. In order to establish obviousness, there must be a suggestion or motivation in the reference to do so. See also In re Gordon, 221 U.S.P.Q. 1125, 1127 (Fed. Cir. 1984) (prior art could not be turned upside down without motivation to do so); In re Rouffet, 149 F.3d 1350 (Fed. Cir. 1998); In re Dembiczak, 175 F.3d 994 (Fed. Cir. 1999); In re Lee, 277 F.3d 1338 (Fed. Cir. 2002).

In the Office Action, the Examiner merely states that the present invention is obvious in light of the cited references. See, e.g., Office Action at page 5. This is an insufficient showing of motivation.

As noted above, Yanagisawa and Cok, alone or in any combination thereof, fail to teach or suggest each and every feature of claims 1-14. Therefore, Applicants respectfully submit that claim 3 is not rendered obvious by any one or combination of Yanagisawa and Cok, and should be deemed allowable.

CONCLUSION

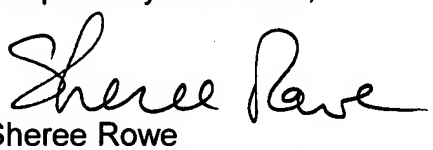
For all of the above reasons, it is respectfully submitted that the claims now pending patentability distinguish the present invention from the cited references.

Accordingly, reconsideration and withdrawal of the outstanding rejections and an issuance of a Notice of Allowance are earnestly solicited.

Should the Examiner determine that any further action is necessary to place this application into condition for allowance, the Examiner is encouraged to telephone the undersigned representative at the number listed below.

In the event this paper is not considered to be timely filed, the Applicants hereby petition for an appropriate extension of time. The fee for this extension may be charged to our Deposit Account No. 01-2300. The Commissioner is hereby authorized to charge any fee deficiency or credit any overpayment associated with this communication to Deposit Account No. 01-2300 with reference to Attorney Docket No. 025789-00008.

Respectfully submitted,



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